

**BOARD OF PATENT APPEALS AND INTERFERENCES
IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Applicants : Gary William Flake et al.
Application No. : 10/625,000 Confirmation No. : 8179
Filed : July 22, 2003
Title : CONCEPT VALUATION IN A TERM-BASED
CONCEPT MARKET
Group Art Unit : 3623
Examiner : Neil R. Kardos

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Commissioner for Patents
P.O. Box 1450
Alexandria, Virginia 22313-1450

APPEAL BRIEF

Sir:

This is an appeal to the Board of Patent Appeals and Interferences from the decision of Examiner, Neil R. Kardos, Group Art Unit 3623, in the final Office Action mailed March 11, 2010 (hereinafter the "3/11/10 Office Action"), rejecting pending claims 1-7 and 9-14. A Notice of Appeal was filed September 13, 2010.

I. REAL PARTY IN INTEREST

This application was originally assigned to Overture Services, Inc., which was later acquired by Yahoo! Inc. of Sunnyvale, CA, the real party in interest.

II. RELATED APPEALS AND INTERFERENCES

There are no known related appeals or interferences.

III. STATUS OF CLAIMS

The following claims are pending and stand rejected in the present application:

- Independent claims **1** and **13**.
- Dependent claims **2-7, 9-12**, and **14**.

The following claims are being appealed:

- Independent claims **1** and **13**.
- Dependent claims **2-7, 9-12**, and **14**.

The following claims have been cancelled:

- Claim **8**.

IV. STATUS OF AMENDMENTS

No amendments have been filed after the Final Office Action dated February 11, 2010.

V. SUMMARY OF CLAIMED SUBJECT MATTER

The presently claimed invention(s) generally relate to methods and computer systems for valuating term-based concepts usable in computer searches and instruments based thereon. Specifically, the method of independent claim includes “obtaining quantitative data associated with the concept, wherein the concept comprises a set of search terms relating to a common theme, wherein a granularity of the set of search terms relating to the common theme of the concept is defined” (page 6, lines 3-15; page 23, line 20-page 24, line 15; page 10, lines 2-4; page 15, lines 1-5; page 22, lines 7-10; page 8, lines 15-16); “electronically operating on the quantitative data to produce a quantitative statistic by using at least one of: a total revenue per period calculation; a median revenue per period calculation; an average revenue per period calculation; an average of median bidded price calculation; a median of median clicked price calculation; and a median click calculation” (page 22 line 1-page 24, line 15); electronically monitoring for intentional manipulation and taking at least one measure to prevent intentional manipulation of the value of the concept in response to the detection of intentional manipulation, wherein the at least one measure includes removing maximum and minimum figures to produce the quantitative statistic” (page 25, lines 3-12); “electronically determining a value of the concept based at least in part on the produced statistic such that the value is used in the computerized system allowing transactions in the instruments” (page 22 line 1-page 24, line 15); and “electronically determining a value of one or more of the instruments based at least in part on the value of the concept” (page 25 line 14-page 27, line 18).

In the method of dependent claim **11**, which depends on claim 1, the method comprises “operating on the data by using a median click calculation, and comprising omitting from the median click calculation one or more highest and lowest price quantities.” (Page 24, lines 15-18; page 25, lines 8-12).

In the method of dependent claim **12**, which depends on claim 11, the method comprises “omitting from the median click calculation the same number of highest price quantities as lowest price quantities.” (Page 24, lines 15-18; page 25, lines 8-12; claims 12 as filed).

In the system of independent claim **13**, the system performs a method that includes “obtaining quantitative data associated with demand for the concept, wherein the concept comprises a set of search terms that relate to a common theme, wherein a granularity of the set of search terms relating to the common theme of the concept is defined” (page 6, lines 3-15; page 23, line 20-page 24, line 15; page 10, lines 2-4; page 15, lines 1-5; page 22, lines 7-10; page 8, lines 15-16; page 15, lines 7-17); electronically operating on the data to produce a quantitative statistic by using at least one of: a total revenue per period calculation; a median revenue per period calculation; an average revenue per period calculation; an average of median bid price calculation; a median of median clicked price calculation; and a median click calculation” (page 22 line 1-page 24, line 15); “electronically monitoring for intentional manipulation and taking at least one measure to prevent intentional manipulation of the value of the concept in response to the detection of intentional manipulation, wherein the at least one measure includes removing maximum and minimum figures to produce the quantitative statistic” (page 25, lines 3-12); “electronically determining a value of the concept based at least in part on the produced statistic, comprising taking at least one measure to prevent intentional manipulation of the value of the concept such that the value is used in the computerized system allowing transactions in the instruments” (page 22 line 1-page 24, line 15; page 25, lines 3-12); and “electronically determining a value of one or more of the instruments based at least in part on the value of the concept” (page 25 line 14-page 27, line 18).

VI. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

The grounds for rejection to be reviewed on appeal: Whether claims 1-7 and 9-14 are unpatentable under 35 U.S.C. §103 over Skinner (U.S. Patent Pub. No. 2003/0105677) in view of Marks (U.S. Patent Pub. No. 2001/0051911) and Cheung (U.S. Patent Pub. No. 2003/0028529), and further in view of Hanson (“Idea Futures: Encouraging an Honest Consensus”) and Official Notice?

VII. ARGUMENT

A. Rejections under 35 U.S.C. § 103

Claims 1-7 and 9-14 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Skinner (U.S. Patent Pub. No. 2003/0105677) in view of Marks (U.S. Patent Pub. No. 2001/0051911) and Cheung (U.S. Patent Pub. No. 2003/0028529), and further in view of Hanson ("Idea Futures: Encouraging an Honest Consensus") and Official Notice.

1. Legal Standard – Prima Facie Showing.

If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992). The burden of presenting a *prima facie* case is upon the examiner. *In re Oetiker*, 977 F.2d at 1445. If the examiner fails to establish a *prima facie* case, the rejection is improper and will be overturned. *In re Rijckaert*, 9 F.3d 1531, 1532 (Fed. Cir. 1993); *Novamedix Distrib. Ltd. v. Dickinson*, 175 F. Supp. 2d 8, 9 (D.D.C. 2001).

2. Legal Standard - Obviousness

In order to establish a *prima facie* case of obviousness, the prior art references must teach or suggest all of the claim elements, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine teachings, and there must be a reasonable expectation of success. *In re Vaeck*, 947 F.2d 488, 493 (Fed. Cir. 1991). The Examiner must support with substantial evidence of record a factual finding of a suggestion or motivation to modify a reference. *Novamedix Distrib. Ltd. v. Dickinson*, 175 F. Supp. 2d 8, 9 (D.D.C. 2001); *In re Lee*, 277 F.3d 1338, 1342 (Fed. Cir. 2002); *In re Zurko*, 258 F.3d 1379, 1383-1386 (Fed. Cir. 2001). A conclusory or common sense statement as to the factual question of the motivation to combine references lacks substantial evidence support and is thereby insufficient to establish a

prima facie case of obviousness. *In re Lee*, 277 F.3d at 1343-1345; *In re Zurko*, 258 F.3d at 1385. *Innogenetics v. Abbott Laboratories*, 512 F.3d 1363, 1373-74 (Fed. Cir. 2008).

3. First Group: Claims 1 and 13 - No Prima Facie Showing of Obviousness.

a. Skinner, Marks, Cheung, and Hanson do not disclose all of the limitations of claims 1 and 13 – (electronically operating on quantitative data).

Claim 1 recites: “electronically operating on the quantitative data to produce a quantitative statistic by using at least one of: a total revenue per period calculation; a median revenue per period calculation; an average revenue per period calculation; an average of median bidded price calculation; a median of median clicked price calculation; and a median click calculation.” The data that is being operated on is the “quantitative data associated with the concept.” Applicants submit that Skinner, Marks, Cheung, and Hanson fail to disclose this limitation.

The Examiner asserts that this limitation of claim 1 is disclosed by Skinner at paragraphs 41 with reference to “the amount of a purchase.” 3/11/10 Office Action, Page 5 second bullet point. The Examiner is mistaken. At paragraph 41 Skinner discusses recording information once a user accesses the advertiser’s website, such as the time and date of the visit, and keycode information. If a purchase of goods or services is made on the website, an additional record is added to the advertiser’s database containing the time, date, and the amount of the purchase. The amount of a purchase on an online transaction is not “quantitative data associated with a concept ... [that] comprises a set of search terms relating to a common theme” as recited in claim 1. As such, Skinner does not disclose “operating on the quantitative data associated with a concept to produce a quantitative statistic” as also recited in claim 1.

Moreover, the quantitative statistic is produced according to claim 1 using one or more of “a total revenue per period calculation; a median revenue per period calculation; an average revenue per period calculation; an average of median bidded price calculation; a median of median clicked price calculation; and a median click calculation.” Skinner does not disclose using any one of these specific types of quantitative data to produce a quantitative statistic or

otherwise. In rejecting claims 1 and 13 the Examiner seemingly ignored this limitation. In rejecting a claim, the Examiner cannot overlook any of the words of a claim; rather, “all words in a claim must be considered in judging the patentability of that claim against the prior art.” *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970).

Independent claim 13 includes a similar limitation and is therefore patentable over the cited references for at least the same reason.

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least this reason and the rejection of claims 1 and 13 under 35 U.S.C. § 103 is therefore improper.

b. Motivation to combine Skinner and Marks improper.

SEPARATE ARGUMENT OF PATENTABILITY

Claim 1 recites: “obtaining quantitative data associated with the concept, wherein the concept comprises a set of search terms relating to a common theme, wherein a granularity of the set of search terms relating to the common theme of the concept is defined.” The Examiner acknowledges that Skinner does not disclose “wherein a granularity of the set of search terms relating to the common theme of the concept is defined.” 3/11/10 Office Action, Page 5 first full paragraph. The Examiner, however, asserts that Marks discloses this limitation and one skilled in the art would have been motivated to combine Skinner and Marks “for the benefit of efficiency gained by purchasing a group of key words rather than individual key words” with reference to Mark’s paragraph 3. *Id.* Applicants submit that the Examiner is misreading Marks and the motivation proffered by the Examiner is not a proper basis for combining Skinner and Marks.

At paragraph 3 Marks notes that “advertisers must ‘buy’ each key word for which it would like priority ranking in search results—buying the key work ‘hotels’ does not confer value on more general key words such as ‘travel’ and ‘vacations.’” At paragraph 27 Marks goes on to explain how their system confers value between a first handle and second more general

handle above the first handle. Specifically, Marks confers value to the second more general handle by totaling the bids for the first handle. *Id.* Marks provides an illustrative example at paragraph 40. Importantly, the conferred value is used merely to prioritize the upper level handle in a search result listing “in the same manner as lower level search listings—higher value handles receive priority.” *Id.* Marks specifically states that “the value assigned to the second handle is for comparison purposes and does not constitute a specific cost to the listing entity.” *Id.* Marks does not therefore allow users to purchase a group of key words as the Examiner suggests.

Independent claim 13 includes similar features as that of claim 1 and is therefore patentable over the cited references for at least the same reason.

The Examiner has therefore failed to provide a motivation to combine Skinner and Marks, and has therefore failed to make a prima facie showing of obviousness for at least this reason and the rejection of claims 1 and 13 under 35 U.S.C. § 103 is therefore improper.

c. Skinner, Marks, Cheung, and Hanson do not disclose all of the limitations of claims 1 and 13 – (Quantitative statistics).

SEPARATE ARGUMENT OF PATENTABILITY

As noted above, Claim 1 recites “electronically operating on the quantitative data to produce a quantitative statistic.” The data that is being operated on is the “quantitative data associated with the concept.” Therefore, the quantitative statistic is one associated with the concept. Applicants submit that Skinner, Marks, Cheung, and Hanson fail to disclose this limitation.

The Examiner admits that the cited references fail to disclose the quantitative statistic limitation of claims 1 and 13. 3/11/10 Office Action, Page 6 first full paragraph. The Examiner, however, takes Official Notice “that all of the claimed quantitative statistics are well known in the art at the time the invention was made.” When pressed with a demand to produce evidence of the matters so noticed, the Examiner points to Skinner at paragraphs 12, 38, and 43; Rebane (US2004/0088241) at figures 9, 10, 13; Misel (US7,035,812) at cols. 16-19 and 29);

Anderson (US2004/0093327) paragraphs 153; and Corn (US2004/0167845) aft figures 11-13. Applicants have reviewed these reference and have not found any disclosure therein that may reasonably be construed as a quantitative statistic produced from and thus associated with quantitative data associated with a concept according to claims 1 and 13.

In a determination of obviousness, factual findings as to scope and content of the prior art, level of ordinary skill in the art, and differences between the claimed invention and the prior art must be supported by substantial evidence. *Novamedix Distrib. Ltd. v. Dickinson*, 175 F. Supp. 2d 8, 9 (D.D.C. 2001). General conclusions about what it believed to be “basic knowledge and common sense [in the art] that is not based on any evidence in the record lacks substantial evidence support.” *In re Zurko*, 258 F.3d 1379, 1385 (Fed Cir. 2001). “The [Examiner] cannot reach conclusions based upon his own assessment, understanding, or experience of what it considers to be basic knowledge or common sense”, instead, “the [Examiner] must point to some concrete evidence in the record in support of these findings.” *Id.* at 1386. *See* MPEP § 2144.03 (C).

Official notice has been recognized, however, in a few limited circumstances. MPEP § 2144.03. For instance, official notice may be taken where facts asserted to be well known are “capable of such instant and unquestionable demonstration as to defy dispute.” *In re Ahlert*, 424 F.2d 1088, 1091 (CCPA 1970). Similarly, official notice may also be taken for facts that are of such notorious in character as to serve only to fill in the gaps that may exist in the evidentiary showing made by the Examiner. *In re Zurko*, 258 F.3d at 1386. Official notice is not appropriate “as the principal evidence upon which a rejection [is] based” nor is it appropriate for “core factual findings in a determination of patentability.” *Id.* at 1385-86; *In re Ahlert*, 424 F.2d at 1028. Official notice is only appropriate “for conclusions as to peripheral issues.” 258 F.3d at 1386.

Applicants submit that a quantitative statistic produced from and thus associated with quantitative data associated with a concept, in accordance with claims 1 and 13, is not capable of instant and unquestionable demonstration as to defy dispute. Indeed, when pressed, the Examiner failed to produce documentary evidence of this element that the Examiner asserts

was well known in the art at the time of the invention. It appears that the documents proffered by the Examiner as evidence relate to statistics in general and not the quantitative statistics claimed. In doing so, the Examiner appears not to be giving weight to all of the words of claims 1 and 13, which is improper. *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970)(noting that “all words in a claim must be considered in judging the patentability of [a] claim against the prior art.”).

The impropriety of the Examiner rejection with regard to the “quantitative statistics” limitation of claims 1 and 13 is compounded by the Examiner’s failure to provide any evidence for the motivation to combine the Official Notice with Skinner. As noted above, a conclusory or common sense statement as to the factual question of the motivation to combine references lacks substantial evidence support and is thereby insufficient to establish a prima facie case of obviousness. *In re Lee*, 277 F.3d at 1343-1345; *In re Zurko*, 258 F.3d at 1385. *Innogenetics v. Abbott Laboratories*, 512 F.3d 1363, 1373-74 (Fed. Cir. 2008).

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least these reasons and the rejection of claims 1 and 13 under 35 U.S.C. § 103 is therefore improper.

- d. **Skinner, Marks, Cheung, and Hanson do not disclose all of the limitations of claims 1 and 13 – (Intentional manipulation).**

SEPARATE ARGUMENT OF PATENTABILITY

Claims 1 and 13 recite: “electronically monitoring for intentional manipulation and taking at least one measure to prevent intentional manipulation of the value of the concept in response to the detection of intentional manipulation.” Applicants submit that Skinner, Marks, Cheung, and Hanson fail to disclose this limitation.

The Examiner acknowledges that Skinner fails to disclose this limitation of claims 1 and 13. The Examiner, however, argues that Cheung teaches this limitation at paragraph 150 with reference to screening clicks to determine if they are chargeable. 3/11/10 Office Action,

Page 6 second full paragraph. The Examiner is misinterpreting Cheung and/or the limitations of claims 1 and 13. At paragraph 150 Cheung discusses determining whether a click on a link to an advertiser site is a duplicate and thus not chargeable to the advertiser. For example, multiple clicks that have the same session ID or resource ID may be deemed duplicates. *Id.* Determining whether someone has clicked on a link to a website twice, either mistakenly or intentionally, and not charging the advertiser for the additional click in accordance with Cheung is not the same as taking at least one measure to prevent intentional manipulation of the concept value in the context of allowing transactions in concept based instruments in accordance with claims 1 and 13. Again, it appears that the Examiner is not giving weight to all of the words of claims 1 and 13, and not considering the context of the words in Cheung, which is improper.

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least these reasons and the rejection of claims 1 and 13 under 35 U.S.C. § 103 is therefore improper.

- c. **Skinner, Marks, Cheung, and Hanson do not disclose all of the limitations of claims 1 and 13 – (removing maximum and minimum figures).**

SEPARATE ARGUMENT OF PATENTABILITY

Claims 1 and 13 recite with regard to “taking at least one measure to prevent intentional manipulation of the value of the concept in response to the detection of intentional manipulation,” that “the at least one measure includes removing maximum and minimum figures to produce the quantitative statistic.” Applicants submit that Skinner, Marks, Cheung, and Hanson fail to disclose this limitation.

The Examiner acknowledges that the references fail to disclose “the at least one measure includes removing maximum and minimum figures to produce the quantitative statistic” limitation of claims 1 and 13. The Examiner, however, asserts that this limitation “was well-known in the art at the time of the invention.” The Examiner goes on to recite a number of

examples of what the Examiner believes to be examples removing maximum and minimum features in the prior art. The Examiner, however, does not provide any evidence that these examples or that this statistical technique was known in the art at the time of the invention. As noted above, “the [Examiner] cannot reach conclusions based upon his own assessment, understanding, or experience of what it considers to be basic knowledge or common sense”, instead, “the [Examiner] must point to some concrete evidence in the record in support of these findings.” *Id.* at 1386. *See* MPEP § 2144.03 (C).

Applicants note further that this is the second limitation of claims 1 and 13 that the Examiner relies on Official Notice for the rejection of claims 1 and 13. This is contrary to the requirement that Official Notice be used judiciously and in few instances. MPEP § 2144.03 (In certain circumstances, an examiner may take official notice of facts not in the record or rely on "common knowledge" in making a rejection; however, such rejections should be judiciously applied). The use of Official Notice in rejecting claims 1 and 13 is therefore improper.

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least these reasons and the rejection of claims 1 and 13 under 35 U.S.C. § 103 is improper.

f. Motivation to combine Skinner, Cheung, and Official Notice improper.

SEPARATE ARGUMENT OF PATENTABILITY

The Examiner acknowledges that Skinner fails to disclose “taking at least one measure to prevent intentional manipulation of the value of the concept in response to the detection of intentional manipulation” and “the at least one measure includes removing maximum and minimum figures to produce the quantitative statistic” limitations of claims 1 and 13. The Examiner, however, argues that these limitations are taught by Cheung at paragraph 150 with reference to screening clicks to determine if they are chargeable and by Official Notice, respectively. 3/11/10 Office Action, Page 6 second full paragraph to page 7. With regard to the

motivation to combine Skinner and Cheung, the Examiner argues that “one would have been motivated to do so for the benefit of maintaining integrity by eliminating fraudulent clicks.” With regard to the motivation to combine Skinner and Official Notice, the Examiner argues that one “would have been motivated to do so for the benefit of accuracies gained by preventing tampering and removing outliers.” The Examiner is again improperly proffering conclusory statements without any evidentiary support thereof for the motivation to combine Skinner, Cheung, and Official Notice.

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least this reason and the rejection of claims 1 and 13 under 35 U.S.C. § 103 is improper.

- g. **Skinner, Marks, Cheung, and Hanson do not disclose all of the limitations of claims 1 and 13 – (Determining value of instrument).**

SEPARATE ARGUMENT OF PATENTABILITY

Claims 1 and 13 recite: “electronically determining a value of one or more of the instruments based at least in part on the value of the concept.” The value of the concept is determined “based at least in part on the produced statistic” i.e., the statistic produced from the quantitative data associated with the concept and thus the search terms with the common theme. Applicants submit that Skinner, Marks, Cheung, and Hanson fail to disclose this limitation.

The Examiner acknowledges that Skinner fails to disclose this limitation of claims 1 and 13. The Examiner, however, argues that Hanson discloses this limitation with reference to the “idea futures market” discussed in the Procedures section beginning on page 6. 3/11/10 Office Action, Page 7 first full paragraph. The Examiner is mistaken. As discussed herein, the concept of claims 1 and 13 “comprises a set of search terms relating to a common theme.” In contrast, Hanson’s “idea” is a conditional event, such as a “question about science, technology, and [the] future,” and the value of the instrument is based on the “conditional value” on the

instrument and the consensus of the conditional event occurring. Hanson page 1, first paragraph; page 6, fifth paragraph; and page3, first to third paragraph. The “conditional value” is nothing more than a strike price, which is not the same as the value of the instrument determined based on the value of the concept, which is further determined based on the quantitative data associated with the search terms in accordance with claims 1 and 13. The consensus is simply the consensus on the odds of the conditional event occurring (“if the market price for a ‘\$1 if person on Mars’ coupon were 23 cents, then that would typically represent a consensus that there was about 23% change of this happening). The consensus is therefore also not the same as the value of the instrument determined based on the value of the concept as claimed.

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least this reason and the rejection of claims 1 and 13 under 35 U.S.C. § 103 is improper.

h. Motivation to combine Skinner, Marks, and Hanson improper.

SEPARATE ARGUMENT OF PATENTABILITY

The Examine acknowledges that Skinner fails to disclose the “electronically determining a value of one or more of the instruments based at least in part on the value of the concept.” limitation of claims 1 and 13. The Examiner, however, mistakenly argues that this limitation is taught by Hanson as noted above. With regard to the motivation to combine Skinner and Marks with Hanson, the Examiner argues that “one would have been motivated to do so for the benefit of increased accuracies in valuating search terms” referring to Hanson’s “Advantages” beginning on page 7. 3/11/10 Office Action, Page 7 first full paragraph. The Examiner is misreading the advantages taught by Hanson. That is, Hanson lists as advantages the visible consensus that the futures market would provide on hotly debated issues. As noted above, the consensus itself is simply the consensus on the odds of the conditional event occurring (“if the market price for a ‘\$1 if person on Mars’ coupon were 23 cents, then that would typically represent a consensus that there was about 23% change of this happening). Applicants fail to see how the speculative underpinnings (market, odds, bets, etc.) of Hanson’s consensus increase the

accuracy of a non-speculative, quantifiable method of valuating search terms. Hanson therefore does not teach the motivation: “the benefit of increased accuracies in valuating search terms” as the Examiner asserts. Applicants further submit that there is no motivation to combine Skinner and Marks with Hanson, and indeed Skinner and Marks are not combinable with Hanson based on the sharp contrast between quantifiable methods of valuating search terms according to Skinner and Marks, and the speculative valuation of futures on a conditional “idea” according to Hanson.

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least this reason and the rejection of claims 1 and 13 under 35 U.S.C. § 103 is improper.

**i. Skinner, Cheung, Marks, Hanson, and Official Notice
combined using hindsight.**

SEPARATE ARGUMENT OF PATENTABILITY

As discussed herein, the Examiner has pieced together words from disparate references in an effort to produce a prima facie showing of obviousness with regard to claims 1 and 13. When the words from the references do not match the limitations of the claims 1 and 13 the Examiner either ignores the context of the words in the references or ignores the limitations of the claims that are being rejected. Finally, when the Examiner cannot find the limitations of claims 1 and 13, and the motivation to combine references in the prior art, the Examiner resorts to Official Notice and conclusory statements, respectively.

In rejecting claims 1 and 13, the Examiner relies on four references, two instances of Official Notice, and at least four unsupported motivations to combine the references and Official Notice. Although there is no prohibition against a large number of prior art references being used in combination, the number of references along with flimsy use of Official Notice and conclusory statements regarding the motivation to combine the references indicates that the Examiner is using the present claims improperly as a veritable blueprint for assembling prior art

references. Applicants therefore submit that the basis of the rejection of claims 1 and 13 is founded on impermissible hindsight.

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least this reason and the rejection of claims 1 and 13 under 35 U.S.C. § 103 is improper.

4. Second Group: Claims 11 and 12 - No Prima Facie Showing of Obviousness.

SEPARATE ARGUMENT OF PATENTABILITY

a. Skinner, Marks, Cheung, and Hanson do not disclose all of the limitations of claim 11 and 12.

In the method of dependent claim 11, which depends on claim 1, and dependent claim 12, which depends on claim 11, the method comprises “operating on the data by using a median click calculation, and comprising omitting from the median click calculation one or more highest and lowest price quantities.” Applicants submit that Skinner, Marks, Cheung, and Hanson fail to disclose this limitation.

The Examiner acknowledges that the references fail to disclose this limitation of claims 11 and 12. The Examiner, however, asserts that this limitation “was well-known in the art at the time of the invention.” The Examiner has not provided any evidence that this limitation was indeed known in the prior art. As noted above, “the [Examiner] cannot reach conclusions based upon his own assessment, understanding, or experience of what it considers to be basic knowledge or common sense”, instead, “the [Examiner] must point to some concrete evidence in the record in support of these findings.” *Id.* at 1386. *See* MPEP § 2144.03 (C).

Applicants note further that this is the third imitation of claims 11 and 12 that the Examiner relies on Official Notice for the rejection thereof. This is contrary to the requirement that Official Notice be used judiciously and in few instances. MPEP § 2144.03 (In certain circumstances, an examiner may take official notice of facts not in the record or rely on

"common knowledge" in making a rejection; however, such rejections should be judiciously applied). The use of Official Notice in rejecting claims 11 and 12 is therefore improper.

The impropriety of this rejection is also compounded by the Examiner's failure to provide any evidence for the motivation to combine the Official Notice with Skinner. As noted above, a conclusory or common sense statement as to the factual question of the motivation to combine references lacks substantial evidence support and is thereby insufficient to establish a prima facie case of obviousness. *In re Lee*, 277 F.3d at 1343-1345; *In re Zurko*, 258 F.3d at 1385. *Innogenetics v. Abbott Laboratories*, 512 F.3d 1363, 1373-74 (Fed. Cir. 2008).

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least these reasons and the rejection of claims 11 and 12 under 35 U.S.C. § 103 is improper.

5. Third Group: Claim 12 - No Prima Facie Showing of Obviousness.

- a. **Skinner, Marks, Cheung, and Hanson do not disclose all of the limitations of claim 12.**

SEPARATE ARGUMENT OF PATENTABILITY

In the method of dependent claim 12, which depends on claims 1 and 11, the method comprises "omitting from the median click calculation the same number of highest price quantities as lowest price quantities."

The Examiner acknowledges that the references fail to disclose this limitation of claim 12. The Examiner, however, asserts that this limitation "was well-known in the art at the time of the invention." The Examiner has not provided any evidence that this limitation was indeed known in the prior art. As noted above, "the [Examiner] cannot reach conclusions based upon his own assessment, understanding, or experience of what it considers to be basic

knowledge or common sense”, instead, “the [Examiner] must point to some concrete evidence in the record in support of these findings.” *Id.* at 1386. *See* MPEP § 2144.03 (C).

Applicants note further that this is the fourth limitation of claim 12 that the Examiner relies on Official Notice for the rejection thereof. This is contrary to the requirement that Official Notice be used judiciously and in few instances. The use of Official Notice in rejecting claim 12 is therefore improper.

The Examiner further fails to provide any evidence for the motivation to combine the Official Notice with Skinner. As noted above, a conclusory or common sense statement as to the factual question of the motivation to combine references lacks substantial evidence support and is thereby insufficient to establish a prima facie case of obviousness. *In re Lee*, 277 F.3d at 1343-1345; *In re Zurko*, 258 F.3d at 1385. *Innogenetics v. Abbott Laboratories*, 512 F.3d 1363, 1373-74 (Fed. Cir. 2008).

Accordingly, the Examiner has failed to make a prima facie showing of obviousness for at least these reasons and the rejection of claim 12 under 35 U.S.C. § 103 is improper.

VIII. CONCLUSION

In view of the foregoing, Appellants submit that all of the pending claims are in proper condition for allowance, and the Board is respectfully requested to overturn the Examiner's rejection of these claims.

Respectfully submitted,

/ Antonio Papageorgiou/

Dated: October 26, 2010

THIS CORRESPONDENCE IS BEING
SUBMITTED ELECTRONICALLY THROUGH
THE PATENT AND TRADEMARK OFFICE EFS
FILING SYSTEM ON October 26, 2010

Antonio Papageorgiou
Reg. No. 53,431
Ostrow Kaufman LLP
405 Lexington Ave., 62nd Floor
New York, NY 10174
212-682-9200 Ph.
212-682-9222 Fx.

Customer No. 76041

CLAIMS APPENDIX

1. (Rejected) In a computerized system for allowing transactions in instruments, the instruments being capable of being valued based on values of term-based concepts, and terms of the concepts being useable in computerized searches, a method for valuing a concept, the method comprising:

obtaining quantitative data associated with the concept, wherein the concept comprises a set of search terms relating to a common theme, wherein a granularity of the set of search terms relating to the common theme of the concept is defined;

electronically operating on the quantitative data to produce a quantitative statistic by using at least one of: a total revenue per period calculation; a median revenue per period calculation; an average revenue per period calculation; an average of median bid price calculation; a median of median clicked price calculation; and a median click calculation;

electronically monitoring for intentional manipulation and taking at least one measure to prevent intentional manipulation of the value of the concept in response to the detection of intentional manipulation, wherein the at least one measure includes removing maximum and minimum figures to produce the quantitative statistic;

electronically determining a value of the concept based at least in part on the produced statistic such that the value is used in the computerized system allowing transactions in the instruments; and

electronically determining a value of one or more of the instruments based at least in part on the value of the concept.

2. (Rejected) The method of claim 1, wherein obtaining quantitative data associated with the concept comprises obtaining quantitative data associated with the demand for one or more of the terms of the set of search terms.

3. (Rejected) The method of claim 1, wherein obtaining quantitative data associated with the concept comprises obtaining quantitative data associated with the demand for one or more of the terms of the set of search terms for use in advertising.

4. (Rejected) The method of claim 3, comprising measuring the demand for use in advertising based on one or more amounts paid for use in advertising.

5. (Rejected) The method of claim 4, comprising measuring the demand for use in advertising based on one or more amounts paid for use in advertising, wherein the use in advertising comprises obtaining one or more rights to have an advertisement included in results from one or more computerized searches using at least one of the terms of the term set.

6. (Rejected) The method of claim 1, comprising operating on the data by using the data in at least one mathematical formula.

7. (Rejected) The method of claim 6, comprising collecting quantitative data relating to one or more Pay-Per-Click auctions.

8. (Cancelled).

9. (Rejected) The method of claim 1 wherein monitoring for intentional manipulation comprises analyzing trading patterns, comparing IP addresses or cookies between ad clicks and trading accounts, or similar techniques.

10. (Rejected) The method of claim 1, comprising taking at least one measure to maintain liquidity.

11. (Rejected) The method of claim 1, comprising operating on the data by using a median click calculation, and comprising omitting from the median click calculation one or more highest and lowest price quantities.

12. (Rejected) The method of claim 11, comprising omitting from the median click calculation the same number of highest price quantities as lowest price quantities.

13. (Rejected) In a computerized system for allowing transactions in instruments, the instruments being capable of being valued based on values of term-based concepts, and terms of the concepts being useable in computerized searches, a method for valuing a concept, the method comprising:

obtaining quantitative data associated with demand for the concept, wherein the concept comprises a set of search terms that relate to a common theme, wherein a granularity of the set of search terms relating to the common theme of the concept is defined; electronically operating on the data to produce a quantitative statistic by using at least one of: a total revenue per period calculation; a median revenue per period calculation; an average revenue per period calculation; an average of median bidded price calculation; a median of median clicked price calculation; and a median click calculation;

electronically monitoring for intentional manipulation and taking at least one measure to prevent intentional manipulation of the value of the concept in response to the detection of intentional manipulation, wherein the at least one measure includes removing maximum and minimum figures to produce the quantitative statistic;

electronically determining a value of the concept based at least in part on the produced statistic, comprising taking at least one measure to prevent intentional manipulation of the value of the concept such that the value is used in the computerized system allowing transactions in the instruments; and

electronically determining a value of one or more of the instruments based at least in part on the value of the concept.

14. (Rejected) The method of claim 13, comprising using a median click calculation in determining the statistic, and comprising omitting from the median click calculation one or more highest and lowest price quantities.

IX. EVIDENCE APPENDIX

None

X. RELATED PROCEEDINGS APPENDIX

None